

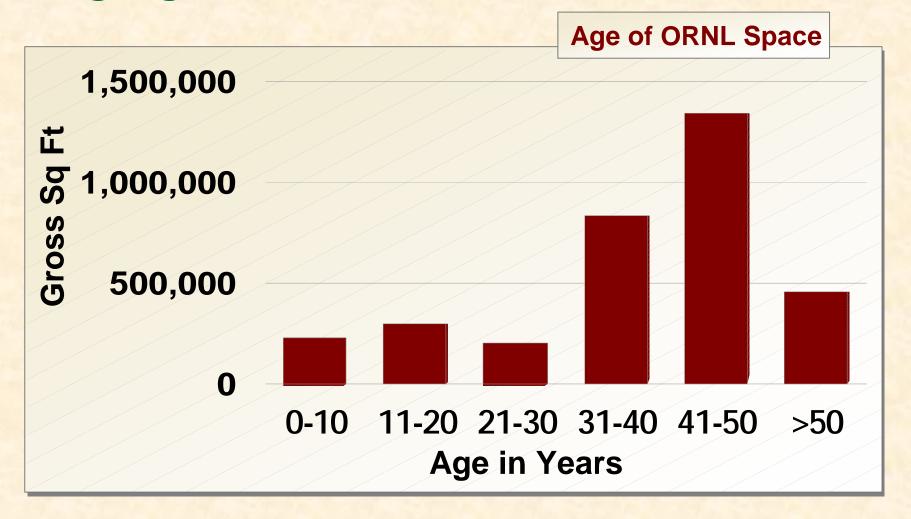
Overview for FMSIC/BRC Annual Conference

Facilities Modernization for Oak Ridge National Laboratory

Greg L. Turner
Chief Financial Officer
Oak Ridge National Laboratory

March 27, 2002 Conference Location - Bethesda, MD

ORNL has a significant amount of aging facilities

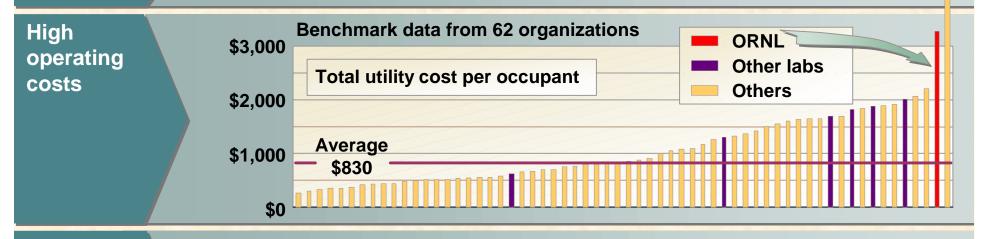




ORNL's aging infrastructure was impacting our ability to perform our mission

Inadequate functionality

- Unable to meet power demands
- Can't do mission specific work
- No room for next generation equipment





- Near miss occurrence fallen concrete
- Subcontractor employee injured in fall from fixed ladder
- Failure in power supply to ventilation fans
- Electrician observes electrical arc near miss

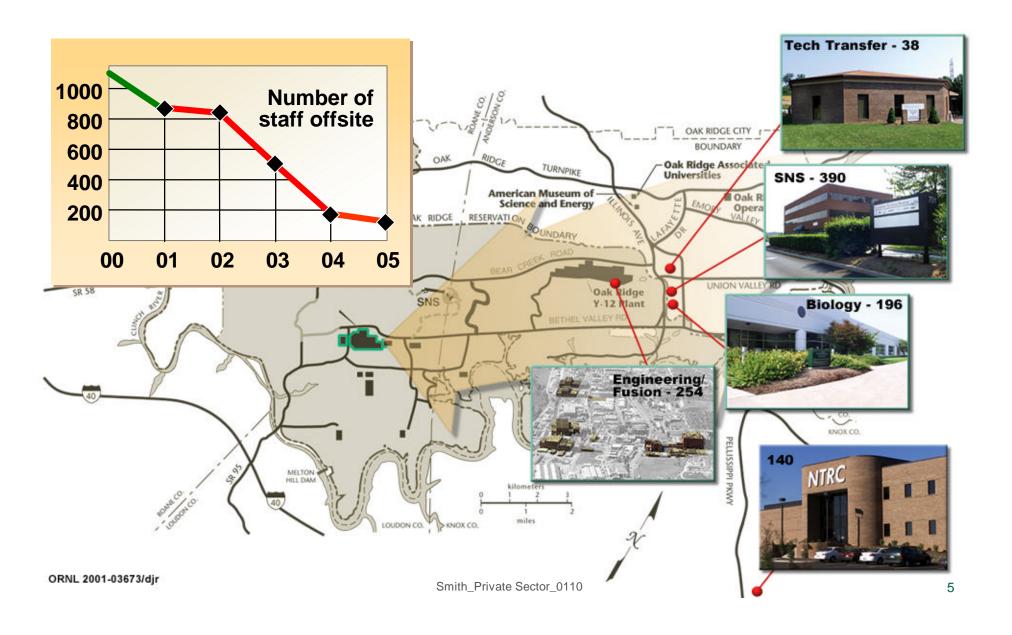
We are implementing a three part modernization strategy at ORNL



Consolidate staff at main site



By 2005 we will have consolidation activities complete



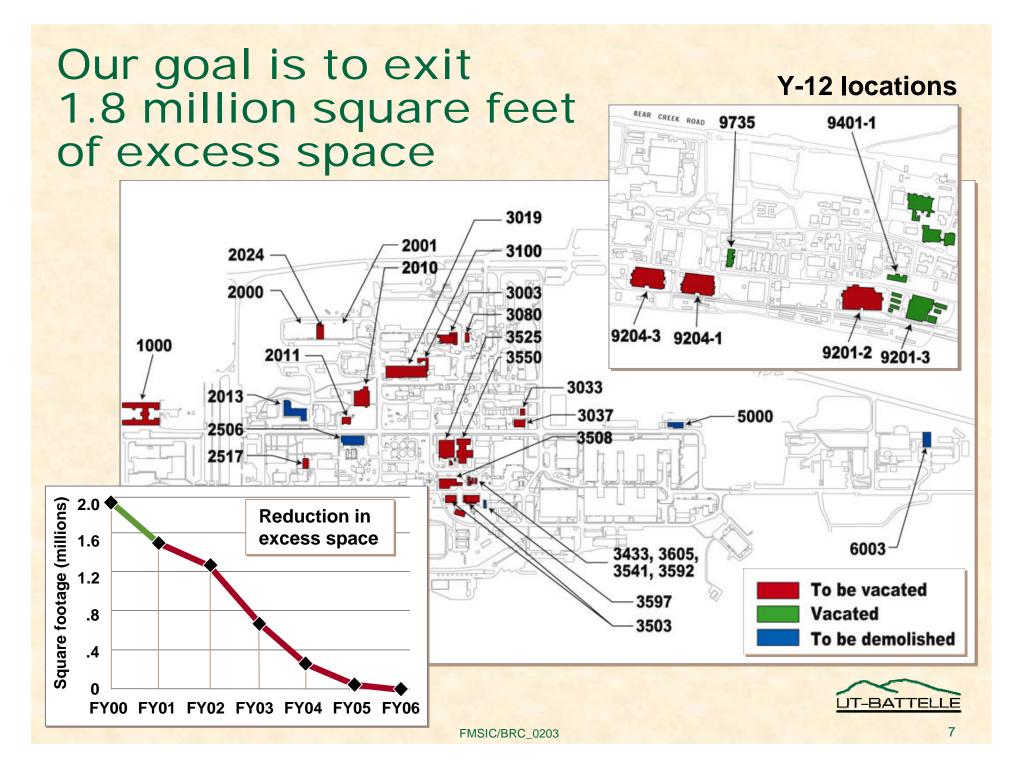
We are implementing a three part modernization strategy at ORNL



Consolidate staff at main site

2

Vacate old, expensive space



We are implementing a three part modernization strategy at ORNL



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Vacate old, expensive space



Build new and refurbish key facilities

DOE expects UT-Battelle to address aging infrastructure at ORNL

DOE



For Major Science Facilities And Infrastructure

- Pushing the edge of science and engineering
- Single purpose "machines"
- Basic stewardship responsibility

State



Joint Institutes
With University
Partners

- Building collaborations for shared research opportunities
- Training of faculty and students
- Economic development for the state

Private Sector



Commercial Laboratory And Office Space

- Public/private partnership enables government access to private financing
- Takes advantage of commercial practices – faster and cheaper



Investments are dominated by DOE, but State and private sector support is critical

DOE Programmatic Investments

- Functional Genomics Laboratory
- Energy R&D facility
- Center for Systems Biology
- Fusion Facility
- Center for Nanophase Materials

DOE Infrastructure Investments

- Upgraded utilities and parking
- Research
 Support
 Center
 (cafeteria,
 visitors area,
 conf. space)
- Advanced Materials Lab
- 4500 Rehab

Private Sector Investments

- Computational Sciences Building
- Engineering Technology Facility
- Research Office Building

State of Tennessee Investments

- Joint Institute for Computational Sciences
- Oak Ridge Center for Advanced Studies
- Joint Institute for Biological Sciences
- Joint Institute for Neutron Sciences

\$100M

\$125M

\$71M

\$26M

☑ SNS \$1.4B

FMSIC/BRC_0203

10

Real progress is being made in securing funding

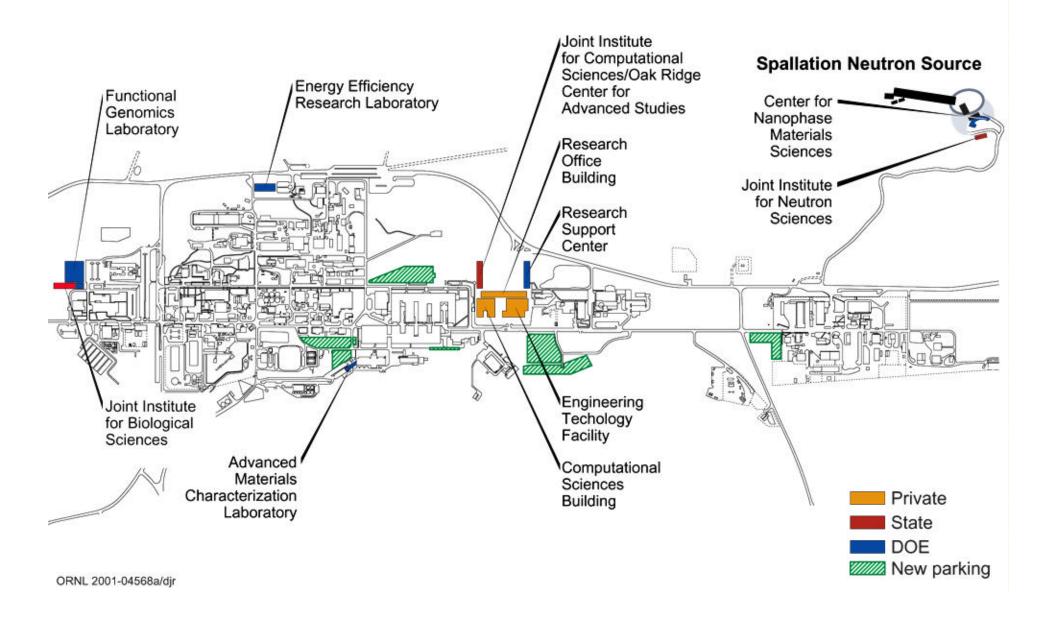
DOE Infrastructure DOE Programmatic Private State of Tennessee Sector Investments Investments Investments Investments **✓** Functional Upgraded **✓** Joint Institute for **Genomics** utilities and Sciences Computational Laboratory parking Building Sciences Engineering **⋈** Research □ Energy R&D ✓ Oak Ridge **Technology** Center for facility Support Center **Facility Advanced** □ Center for (cafeteria, **Studies ⋈** Research **Systems** visitors area, Office ☐ Joint Institute **Biology** conf. space) for Biological **Building** ☑ Fusion Facility Advanced **Sciences** ☑ Center for a content of the c **Materials** □ Joint Institute **Nanophase** Lab for Neutron **Materials 4500 Rehab Sciences** \$8M \$71M \$9M \$42M 5100M \$125M \$26M

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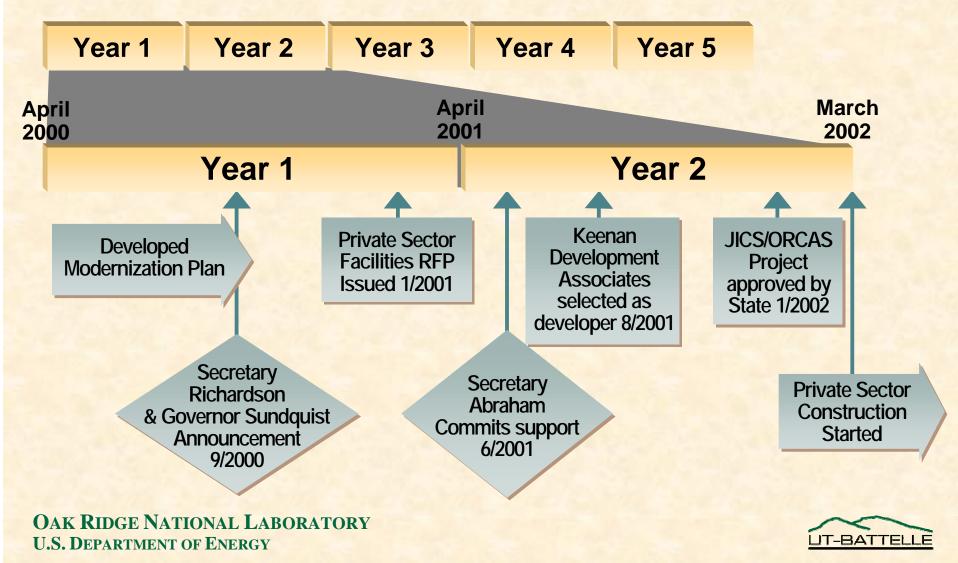
☑ SNS \$1.4B € \$291M

FY02 funding secured

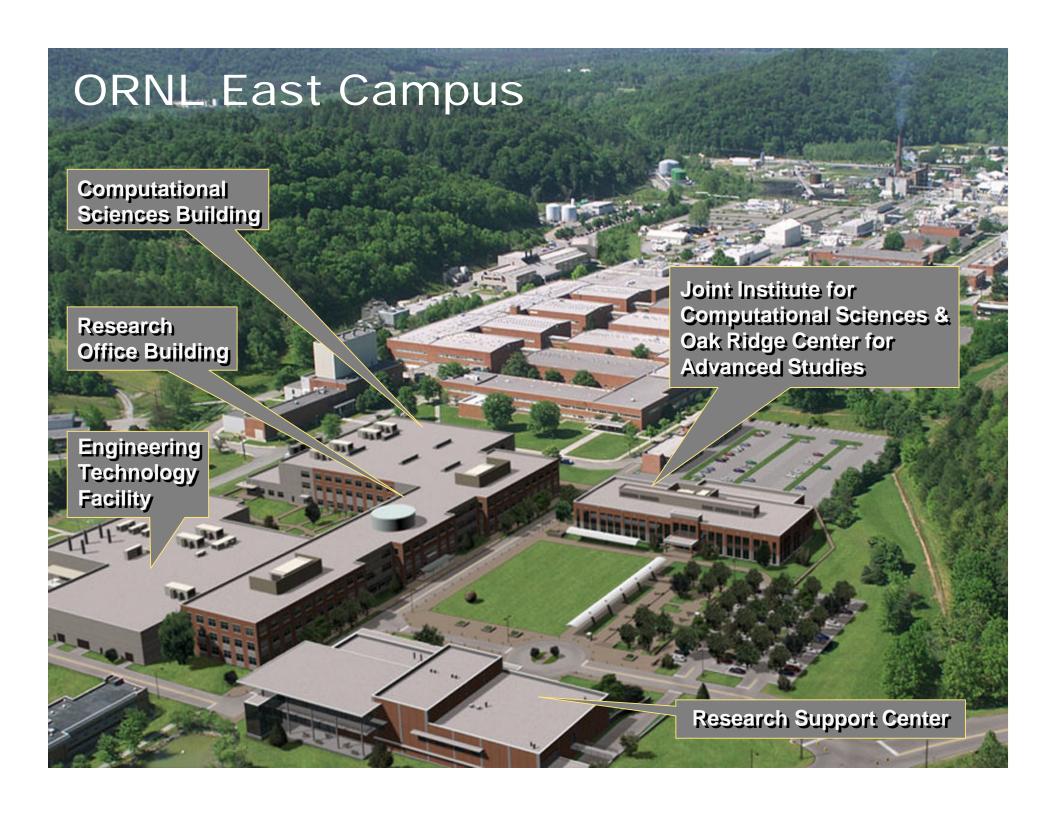
Modernization of Oak Ridge National Laboratory



Five year modernization plan is on track







The mechanics of the private sector deal . . .



Investments utilizing third party financing required us to address . . .

Two Issues:

Acquire land and make long-term commitment to developer/banker

Land:

DOE transfers via "quit claim deed" to UT-Battelle Development Corp

Commitment:

Financial commitments beyond DOE's lease cancellation provision and beyond term of contract were required



DOE asked three basic questions regarding use of private sector investment

1 Financial Risk:

How is the long term financial risk for private sector construction addressed?

2 Fairness of Price:

How is the government assured that costs will be at fair market prices?

3 Cost to DOE:

Will this approach involving private sector construction result in higher cost to DOE?

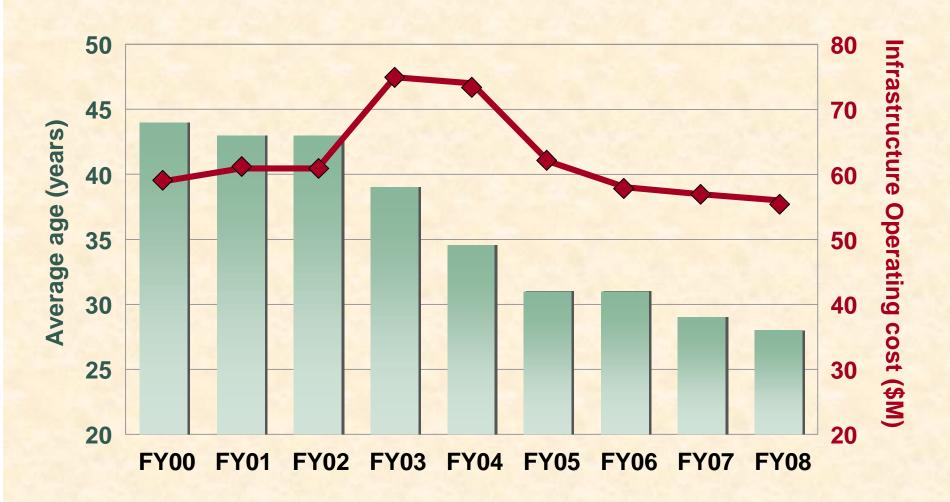
Project Vitals

- \$70.9M TPC
- Construction start (3/02) and ends (8/03)
- Taxable lease back revenue bonds
- Mature 2028
- Interest rate is 8%
- Lease payments
 - \$6.5M for years 1 5
 - \$6.9M for years 6 25



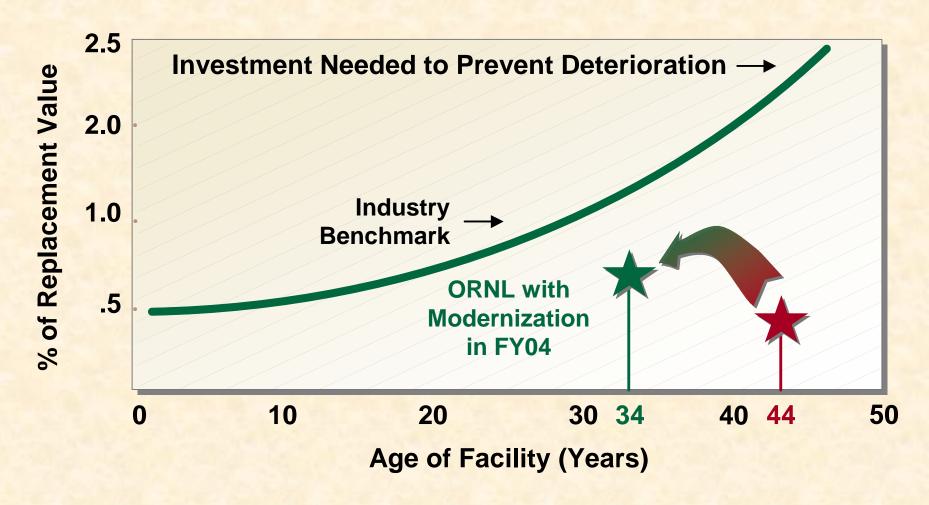


New facilities will strengthen ORNL without increasing operating costs





Our modernization strategy will also improve our maintenance effort





In summary . . .

- We have strong DOE and stakeholder support
- The facilities are essential to accomplishing DOE mission objectives and are integral to the future of ORNL
- The facilities enable a reduction in operating costs, lease costs paid from existing overhead budgets
- We have started consolidation and disposal of old facilities as well as construction of new support facilities





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